

ORIGINAL



28

DIABLO VILLAGE WATER COMPANY
RESPONSE TO THE CONCLUSIONS AND RECOMMENDATIONS
INCLUDED IN THE ARIZONA CORPORATION COMMISSION
STAFF REPORT DATED DECEMBER 16, 2005

TO: Docket Control
Arizona Corporation Commission
Utility Division
1200 West Washington Street
Phoenix, Arizona 85007

FROM: Robin M Thim
President
Diablo Village Water Company
P.O. Box 13145
Tucson, AZ 85732

DATE: December 20, 2005

RE: DIABLO VILLAGE WATER CO. - APPLICATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE WATER SERVICE IN PIMA COUNTY, ARIZONA (DOCKET
NO. W-02309A-05-0501)

Enclosed you will find the original and 15 copies of this response. I request that you provide copies to the following individuals who are listed on the original Memorandum:

Mr. Christopher C. Kempley
Chief Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Jane L. Rodda
Administrative Law Judge
Arizona Corporation Commission
400 West Congress Street
Tucson, Arizona 85701

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

AZ CORP COMMISSION
DOCUMENT CONTROL

2005 DEC 23 P 2:23

RECEIVED

The following is the response to the Conclusions and Recommendations by Staff of the Arizona Corporation Commission dated December 16, 2005, concerning the request for Extension of the CC&N by Diablo Village Water Company Docket No. W-02309A-05-0501

Response to the first paragraph of Conclusions and Recommendations:

After Diablo Village Water Company applied for the Extension of the CC&N to accommodate section 18, the entire section was sold to two limited liability companies, Arboreal Agricultural Resources, LLC and Pomegranate Farms I, LLC, 1820 East River Road, Suite 110, Tucson, Arizona 85718. The members of both companies are the same. Arboreal Agricultural Resources, LLC needs water immediately to service an orchard to be located on about 40 acres and Pomegranate Farms, LLC is in the process of developing the remainder of the property for the construction of approximately fifteen hundred homes. (Please see the letter included with this response from the owner of the properties)

The existing service area of Diablo Village Water Company is contiguous with, and adjacent to, the eastern boundary of the property requested in the Extension of the CC&N. The owners of the property have requested that Diablo Village Water Company provide water to their property, not the City of Tucson. One of the reasons for this is that the owners approached the City of Tucson with a request for water on the contiguous properties and were refused; the City would not allow the developer to tap into its water line in that location. Furthermore, the evidence at a previous hearing before this tribunal showed that the Tucson Water line capable of serving the needs of the area requested in the Extension ends two miles to the east of the subject property. If Tucson Water did this, cost to extend the line to the subject property would be significant and would be passed on to the customers. A further reason to prefer Diablo Village Water Company over Tucson Water is that Diablo Village Water Company does not add chemicals to the water that have the potential of being harmful to the trees that will be planted on the Farms. It is obvious to us that Diablo Village Water Company will better serve the customers, and the customers agree with us.

Response to the third paragraph of Conclusions and Recommendations:

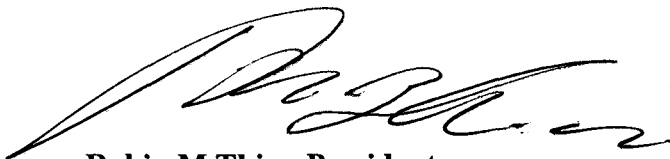
Diablo Village Water Company recommends approval of the request to extend the CC&N of Diablo Village Water Company because there is public need for the extension and there is evidence it would currently be in the public interest.

Response to the fourth paragraph of Conclusions and Recommendations:

Diablo Village Water Company is in substantial agreement with this paragraph. It states "In the alternative, if the Commission desires to grant the extension, Staff recommends the Commission issue an Order Preliminary for the extension of the CC&N, and lists the conditions." Diablo Village Water Company can and will meet the conditions. In addition, a new well with a twelve-inch casing has been drilled eight hundred fifty feet deep in an adjoining section of land that has the capacity of producing up to one thousand gallons per minute of water. This well site will be equipped with over three hundred thousand gallons of storage. The water has been tested in this well and it meets all the standards of the Arizona Department of Environmental Quality as potable water. Sheila Bowen, an engineer with Castro Engineering has submitted the engineering plans for approval to construct to the Pima County Department of Environmental Quality.

You may contact me at 520.290.1255, or FAX 520.290.8999.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Robin M Thim', written in a cursive style.

**Robin M Thim, President
Diablo Village Water Company
P.O. Box 13145
Tucson, AZ 85732**

POMEGRANATE FARMS I, LLC
1820 East River Road, Suite 110
Tucson, Arizona 85718

Phone: (520) 877-8444

Fax: (520) 877-8441

E-Mail: Margaret@pomdev.com

December 21, 2005

Diablo Village Water Company
Attention Robin Thim
PO Box 13145
Tucson, Arizona 85732

RE: Pomegranate Farms I, LLC; Arboreal Agricultural Resources, LLC

Dear Mr. Thim:

This is to confirm the fact that we closed escrow on the purchase of section 18, Township 15S, Range 12E, GSMB, located in Pima County, in July of this year. The above referenced limited liability companies are now the owners of the section. Kevin W. Tomkiel and I are the only members of the companies.

At present, we have obtained the jurisdictional delineations on that portion owned by Arboreal Agricultural Resources, LLC and will begin to move dirt in January of 2006, in preparation for the farm to be located on a part of that property. We will soon submit a request for the jurisdictional delineations on the portion owned by Pomegranate Farms I, LLC ("Pomegranate Farms"). Our engineers, Castro Engineering, have had several discussions with Pima County regarding that portion owned by Pomegranate Farms. We intend to apply for a modification of the Comprehensive Plan in April of 2006 and the County has given us permission to simultaneously submit the plans for a rezoning application on Pomegranate Farms. The anticipated time line is that we will have completed the rezoning by October of 2006 and that the construction of single dwelling units will begin in 2007. There will be approximately one thousand five hundred homes in the subdivision.

I note that the contiguous subdivisions, owned and developed by Kevin and I as Sonoran Ranch Estates I and Sonoran Ranch Estates II, have enjoyed great success using the services of Diablo Water Company. Both Kevin and I are more than satisfied with the service and cooperation received from Diablo Water Company and we hope to have your company as a water

Diablo Village Water Company
Attention Robin Thim
December 21, 2005
Page Two

provider on Pomegranate Farms I. Please take steps to ensure that you can provide water service to this section as soon as possible. We cannot commence the orchard project until we are assured of a water supply.

Respectfully,


Margaret Phillips